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SUBJECT: HOUSE SPEAKER DENNIS HASTERT MEETS VIETNAMESE PM
Khai, PLEDGES TO WORK TO ACHIEVE PNTR

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¶11. (SBU) Summary: Visiting Speaker of the House Dennis Hastert told Prime Minister Phan Van Khai that he is committed to working hard to pass Permanent Normalized Trade Relations (PNTR) for Vietnam because "it is the right thing to do" and because economic development and international integration will benefit Vietnam and the global economy. Other members of the delegation gave the Prime Minister detailed warnings of the concerns that will come up as a result of a PNTR vote, including specific human rights and religious freedom issues as well as market access concerns. The PM praised U.S.-Vietnam cooperation to date and asked for more assistance in facilitating Vietnam's accession to the WTO and in attracting more technology, investment and human resources from the United States to Vietnam. End Summary.

¶12. (U) In the second of two meetings in Hanoi, visiting Speaker of the House of Representatives Dennis Hastert (R-IL) met Vietnamese Prime Minister Phan Van Khai April 14 at Government House. Khai welcomed the Speaker's visit, declaring that both the legislative and executive branches of the GVN supported receiving the delegation. Khai expressed his satisfaction with U.S.-Vietnam relations on all fronts, highlighting the recent USD 600 million investment in Vietnam by Intel and the upcoming visit of Microsoft CEO Bill Gates. He said security, defense and intelligence relations have "successfully taken their first steps" and thanked the United States for its generous assistance in working with Vietnam to combat HIV/AIDS and Avian Influenza. Operations to cooperate in accounting for MIA personnel are also positive, Khai declared.

¶13. (SBU) The Speaker recalled his meeting with PM Khai in Washington in June 2005 and apologized for having had to cancel his planned January 2006 visit. He agreed with Khai that bilateral work on HIV/AIDS and Avian Influenza is an example of the good that can come out of U.S.-Vietnam cooperation.

PM KHAI'S THREE PRESSING ISSUES

¶14. (SBU) PM Khai told the Speaker that Vietnam's efforts to carry out "Doi Moi" (renovation) and integration into the

world economy have achieved "important results" but still are not complete. "If you had visited Hanoi ten years ago, it would not be like this," Khai told the Speaker. "But you must remember that Vietnam was heavily damaged by the war and is still very poor." Vietnam's economic achievements (and shortcomings) need to be evaluated against a starting point that was very low. With that in mind, PM Khai asked the Speaker to consider focusing U.S.-Vietnam cooperation in a few key areas:

- WTO accession: U.S. and Vietnam negotiators are working very hard, and Vietnam wants to close negotiations by May. The Vietnam side pledges to do its best, but the United States should keep in mind that Vietnam's level of development is low and Vietnam will never be a real economic competitor of the United States. With that in mind, Khai said, he hopes the Speaker and President Bush will be able to facilitate the closure of negotiations by May.

- Permanent Normalized Trade Relations (PNTR): PM Khai said he would appreciate it if the Speaker would assist Vietnam in achieving PNTR with the United States. The process of achieving PNTR is new for Vietnam, and the GVN will need assistance and guidance in working through it.

- The Asia Pacific Economic Cooperation (APEC) and the President's visit to Vietnam: Vietnam attaches great importance to the visit of President Bush as part of his attendance at APEC in November. The associated bilateral visit will be of historic significance, and so Vietnam looks forward to close cooperation between U.S. and Vietnamese ambassadors and foreign affairs bureaucracies to achieve a successful visit. Vietnam also hopes the United States will work with Vietnam to achieve a successful APEC summit.

THE SPEAKER RESPONDS

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¶5. (SBU) The Speaker introduced the U.S. delegation, which included:

Speaker Hastert (R-IL)
Rep. Michael Oxley (R-OH)
Rep. Sherwood Boehlert (R-NY)
Rep. Frank Lucas (R-OK)
Rep. Ray LaHood (R-IL)
Rep. Paul Ryan (R-WI)
Rep. Randy Neugebauer (R-TX)
Rep. Dan Boren (D-OK)

The U.S.-Vietnam relationship should be like a good marriage, the Speaker said, "open, trusting and transparent," and ideally "long and productive." He said he looks forward to opening dialogue on Vietnam's accession to the WTO. The House of Representatives is separate from the White House, he explained, and its job is to ratify agreements that the White House negotiates. Under his leadership, the U.S. House of Representatives will work towards PNTR for Vietnam. Vietnam should keep in mind that every member of the U.S. House of Representatives has a constituency to answer to, and each member has influence. Members have important issues relevant to their constituents that will come up as part of the PNTR debate. With that in mind, it is important to complete PNTR as fast as possible. That will depend on the GVN and the USG concluding negotiations, which the Speaker also hopes will happen by May. The faster negotiations are concluded, the faster the deal can be moved through the political process, which can be complicated, especially in an election year. The sooner that deal can be considered, the better, because the closer the election gets, the harder it will be for PNTR to avoid being "snagged in the tentacles of politics."

¶6. (SBU) In terms of practical steps to achieve PNTR, the

Speaker advised PM Khai that the concerns of constituents will be paramount. In the Speaker's district, Caterpillar, John Deere, Boeing and Motorola are all interested in expanded trade and investment with Vietnam. Each member present in the delegation has similar interests to represent, he said. The Speaker conveyed President Bush's regards, and said that the President looks forward to his visit to Vietnam.

REP. LAHOOD: TARIFFS MATTER

¶7. (SBU) Representative LaHood noted that in his 12 years in Congress, he has seen many trade agreements passed, and they are always difficult. The last trade bill, authorizing the Central American Free Trade Area, passed by only one vote. More and more members are having difficulty with trade votes, he explained. The main problem is tariffs; on engines, manufactured goods, insurance products, financial services, etc., they represent a huge issue for American companies. If Vietnam can lower tariffs on American goods, then it will be possible to persuade members of Congress to vote for the legislation.

REP. LUCAS: WE SHOULD BE PARTNERS IN AGRICULTURE REFORM

¶8. (SBU) Rep. Lucas noted that in the State of Oklahoma, energy and agriculture are very important issues. In his view, WTO members should be allies in the modernization and development of agriculture, especially in resisting those such as the EU who want to slow the development of agriculture. Rep. Lucas said he personally hopes that bilateral cooperation continues, and that important regulations are implemented in Vietnam.

REP. BOEHLERT: HUMAN RIGHTS WILL BE IMPORTANT TO PNTR

¶9. (SBU) Rep. Boehlert expressed his surprise at the level of development and dynamism he had witnessed thus far in Vietnam. He too believes that passing a trade bill will be

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difficult this year because of the election. Rep. Boehlert noted that commercial considerations are less important in his district, but that with 15 colleges and universities, political issues are significant. "I can go back to my constituents and tell them about economic democracy in Vietnam and how the Declaration of Independence here mirrors our own," Boehlert warned, "but they will immediately point out that in the United States the Constitution and particularly the Bill of Rights followed the Declaration of Independence and guaranteed the political freedom of citizens." This issue is particularly important in the United States, and it will be vital for Vietnam to show progress in that areas as well as economic reform. "To vote for PNTR for Vietnam, I will need to be able to show my constituents that Vietnam has progressed on human rights, religious freedom and freedom of the press, all rights and values that Americans cherish."

THE SPEAKER COMMITS TO TRY TO PASS PNTR

¶10. (SBU) The Speaker pointed out that there is a bigger picture, which is Vietnam's taking advantage of its low labor costs relative to the rest of the world to drive economic development, much as Japan did in the 1950s, Taiwan in the 1960s, Thailand in the 1970s and China in the 1980s. This leads laborers and others in Vietnam to achieve more education, better health care and a higher standard of living. For this reason, the Speaker said, "I will commit to working hard to pass PNTR, so that our legacy will be a better world to pass on to our children and grandchildren."

PM KHAI'S CONCLUSION

¶11. (SBU) PM Khai said he particularly likes the idea of the U.S.-Vietnam relationship as a marriage rather than a competition. Vietnam sees the United States as having a special role and position in the world. Vietnam wants a stable and long-lasting partnership with the United States because of this. To do this, it is vital that both the United States and Vietnam work to implement the words in the joint statement "signed" by President Bush and PM Khai during Khai's June 2005 visit to Washington. If WTO negotiations can be concluded in May, and PNTR granted in June, "another important milestone in our relationship will have been reached." Vietnam is eager to attract more U.S. investment, more U.S. technology and more U.S. managerial expertise to allow Vietnam to increase its competitiveness. PM Khai thanked the Speaker for his commitment on PNTR, and said he hopes to see WTO negotiations closed and PNTR finished before Congress' summer vacation.

¶12. (U) Speaker Hastert's staff members have cleared this message.

MARINE